

THE CHIMERA
OF
COMMERCIAL UNION


WITH THE
DOMINION OF CANADA,

BY
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THE CHIMERA OF COMMERCIAL UNION.

The advocacy of the scheme of commercial union with Canada during the last two years has proceeded very much after the fashion of a fairy tale told to unsuspecting children. Fanciful collocations of fact and sentiment have been employed to construct visionary trade relationships, but so fragile and so loosely jointed is the airy castle that a breath of reason scatters it to the winds. Anything approaching a close analysis of the relations which actually exist between the United States and Canada, at once exposes an array of outrageous encroachments and of direct assaults upon American interests in progress to-day all along the international boundary line, from the banks of Newfoundland to Vancouver Island. Such encroachments and aggressions constitute an insuperable obstacle to a financial partnership involving the customs revenues of the two countries.

I propose here to advert to certain of the larger and more clearly defined of these acts of aggression on the part of the Dominion Government.

1. It is apparent to any American citizen who has given the slightest attention to our North Atlantic fisheries interests that the entire course of the Canadian Government in relation thereto is in violation of treaty stipulations ; in violation of the comity of nations ; in violation of the reciprocal obligations of the transit trade, the very reverse of our treatment of Canadian vessels, and in the face of the dictates of humanity. The late Secretary Manning, of the Treasury Department, in an official report to Congress, characterized the Canadian refusal to allow American fishing vessels to seek shelter from storms in Canadian harbors, and to lie in such harbors when in distress, as "acts of barbarism fit only

for savages," "as contemptible and odious, as for a government conducting a naval war to fire, in these days, on a hospital ship attested by her color and flag, and filled exclusively with the sick, wounded, or dying, their surgeons and nurses." Secretary Manning justified this strong language by citing the case of a certain American vessel, which had then recently rescued an imperilled Canadian crew at sea, and on bringing these shipwrecked sailors safely into a Canadian harbor, had been denied the privilege of purchasing food and water, of which her crew were sadly in need, and was rudely hustled out of port by Canadian officials. And yet the Government of the United States has never acceded to the insolent Canadian assumption that American fishing vessels may be tabooed, those commercial rights which are established between the two countries by treaty and are secured by generally recognized principals of international law.

2. The Dominion Government, in open violation of article 27 of the Treaty of Washington, makes a discrimination of 18 cents a ton in her canal tolls in favor of Montreal and against American ports. This fact was clearly pointed out by the Hon. Nelson Dingley, Jr., in the House of Representatives January 8, 1888.

3. In open violation of reciprocal legislative arrangement the Dominion Government imposes a discriminating entrance fee of 50 cents and a clearance fee of 50 cents upon American vessels.

4. The Dominion Government has for years stubbornly resisted the request of the United States Government to allow the wrecking vessels of this country to go to the relief of American vessels and their imperilled crews in Canadian waters.

5. After contracts had been made for the delivery of trees, plants, and other American nursery stock in Canada during the present season, the Dominion Government by order in council raised the duty on such commodities, and has also sought, by means of an excessive and vexatious charge, to

prevent American commercial agents from pursuing their avocation in Canada, while Canadian commercial agents enjoy complete liberty in the much more valuable markets of the United States.

6. Upon the completion of the Canadian Pacific Railway to Winnipeg in 1886, the Dominion Government attempted to deny to American railroads the privileges of her transit trade, and was deterred from such action only by the fear of losing their much more valuable right to engage in the United States domestic transit trade.

7. In their recent third annual report, the United States Interstate Commerce Commission has set forth the fact that the Dominion Government, by statutory enactment, not only enables but incites Canadian railroads to unjust discrimination against the ports of the United States and the railroads of the United States. This is a source of great embarrassment in the administration of our Interstate Commerce law.

8. The Dominion Government is essentially a transportation enterprise, actuated not by legitimate principles of competition, but by fierce political exigencies. That Government owns and manages a canal system which cost over \$52,000,000 and a railroad system which cost about \$48,000,000. Besides, it has aided the Canadian Pacific Railway Company to the amount of \$210,000,000.

9. At the present time the Dominion Government and the British Government are conspiring, by the sheer force of subsidy, to divert an important part of the domestic and foreign commerce of the United States from American seaports, American ships, and American transportation lines. The Canadian Pacific subvention of \$210,000,000 amounts, at 5 per cent., to an annual subsidy of \$10,500,000; the British steamer line across the Pacific Ocean receives an annual subsidy of \$375,000 a year for an Asiatic postal service one-twentieth in magnitude that of the United States with Asia, and for which American steamers receive only \$14,000 a year. The Dominion Government pays an annual subsidy

of \$186,000 a year to the portion of the Canadian Pacific Railway which traverses the forest region of the State of Maine, and the Canadian and British Governments are to pay a subsidy of \$500,000 a year to a British steamer line from Halifax to Liverpool. Besides, the two steamer lines here mentioned receive Admiralty subsidies, the exact amount of which is not publicly known. The total amount of subsidy granted to this combined British line from Hong Kong to Liverpool amounts to fully \$11,200,000 annually, and constitutes a discrimination to that amount against American seaports, American steamer lines on the Pacific Ocean, and American internal transportation lines. Sir John A. Macdonald has boastfully asserted that the great political railroad of Canada was built in order to grasp the commerce of the seas, in the interest of a confederated British Empire.

10. This combined subsidized British-Canadian line across the American continent is marked by military characteristics offensive toward the United States, viz: The fact that the steamers of the Atlantic and Pacific lines are to be so constructed as to be available as armed cruisers in time of war, and the fact that the Canadian and British Governments have constructed on the island of Vancouver a formidable fortress, which stands within sight of our shores as a menace to the United States. An officer of the Royal Engineers has just made an inspection of the Canadian Pacific Railway, and will report to the British Government upon the strategic importance of that road as a military highway to the Indies.

11. To cap the climax of Canadian aggression and audacity, the Dominion Government imposes a discriminating duty on tea and coffee when imported from the United States, and she places all coins on her free list except United States silver coin. The Secretary of the Treasury has recently suggested to Congress the propriety of laying a countervailing, discriminating duty on tea when imported from Canada. Tea, coffee, and Canadian silver are now admitted into the United States free of duty.

The astonishing fact concerning this whole matter is that the United States neglects to interpose any obstacle to this long line of aggression, and violation of plighted faith, by any act or line of policy protective of American interests. The commercial bodies of the Pacific coast have petitioned Congress to protect their trade and transportation interests against Canadian and British aggression, and Senator Hale, of Maine, has introduced a bill to protect Portland and Boston against the diversion which appears imminent from the highly subsidized Canadian Pacific Railway, which traverses the forest region of that State. Search through the wide world and you will find no other instance of encroachment by one country upon a neighboring country at all comparable to the line of aggressions which characterizes the deportment of Canada toward the United States, from the banks of Newfoundland to Vancouver Island.

CERTAIN CHARACTERISTICS OF THE DOMINION GOVERNMENT WHICH REPEL COMMERCIAL UNION.

There are three patent causes for the aggressive and insulting conduct of Canada toward the United States inherent in the organic features of the Dominion Government.

First. The fact that the Dominion Government is absolutely independent of the British Government in all matters of internal and foreign policy. In a word, Canada simply uses the British flag as a screen behind which she plays high-handed tricks upon the United States. A conception of this fact led Mr. Bayard, late Secretary of State, to declare to Sir Charles Tupper that he was tired of "this wordy triangular duel," and to ask for "more direct and responsible methods" in the conduct of diplomatic business with Canada.

Second. The Dominion Government is essentially a political party government, the leader of the party in power being at once chief of the executive branch and boss of the legislative branch of the Government; in a word, a partisan autocrat.

Third. The United States Government in the management of our foreign commerce is confined to the single expedient of import duties, while the Dominion Government lays duties on both imports and exports, and besides has recourse to the facile expedient of Orders-in-Council, which give expression to every political caprice, and afford a wide scope of discretion in the work of taking advantage of the United States.

A distinguished United States Senator of my acquaintance has designated the Dominion Government as a "Horse Jockey Government," but I am impelled to say that a plain recital of facts in regard to Canadian aggressions is to my mind far more telling than any possible epithet which could be bestowed upon that Government.

It is with such a country, which is continually skirmishing for advantage along our entire northern boundary line, that the United States is asked by certain theorists and political dreamers to enter into a close customs revenue partnership under the name and style of "Commercial Union."

THE ADVOCACY OF COMMERCIAL UNION.

Commercial union has had as its chief advocate a gentleman of conspicuous ability, Mr. Erastus Wiman, a Canadian by birth, and still a Canadian and subject of Great Britain, although for nearly thirty years a resident of New York city, where he is engaged in large commercial pursuits. In the advocacy of his pet scheme, Mr. Wiman has seen fit to proclaim his devotion to monarchical institutions as exemplified in the Government of Canada, and his firm allegiance to British connection, and he has followed this up with the declaration that "commercial union" does not in the remotest degree squint at annexation to the United States. Both he and Sir Richard Cartwright deprecate any such movement. I will present two or three of Mr. Wiman's expressions upon these points. Said he in one of his speeches :

"Those who are acquainted, however, with the public sentiment in Canada know that loyalty to British institutions

permeates the whole country, and that with the mother's milk has been drunk in the love for the motherland, love for the good Queen who has ruled them so wisely for half a century, and pride in all the glory of British connection, belief in British prowess, and faith in the British Empire."

In referring to the subject of annexation, Mr. Wiman declared that a candidate for Parliament who should to-day offer himself for election on the annexation platform "would be accused of the rankest treason."

In certain of his somewhat voluminous speeches and writings Mr. Wiman has expressed his greater admiration for the Governmental institutions of Canada than for those of the United States. He has also declared his "conviction that nothing will contribute in a greater degree to a perpetuation of British connection than a close commercial alliance by Canada with the United States." This he explains by stating that the average duty on imports into the United States is about 10 per cent. higher than that on imports into Canada, and that if the United States should lower her rate 5 per cent. and Canada correspondingly raise her rate, the result to Great Britain would be a positive advantage, for the reason that the lowering of the duties in the United States would cause a largely increased importation of British goods into this country, which increase would very much exceed the falling off in the imports of British goods into Canada in consequence of the abolition of all duties by Canada on merchandise from the United States. Thus, England would be led to smile upon "commercial union." The correctness of this particular view of the case is, perhaps, beyond question, but I would remark that it involves considerations which import very much more to the people of the United States than their entire trade with Canada.

Mr. Wiman also maintains that a failure to adopt "commercial union" would naturally tend to drive the people of Canada toward annexation to the United States. From all I can gather, it appears to me that he is correct upon this

point. One of the most tempting baits which Mr. Wiman held out to the Canadians was the enormous advantages which they were to derive from the freedom of our markets for their poultry and eggs. He became eloquent upon the subject of "free broilers," *i. e.*, half-grown chickens, which, as he stated, are frequently sold in the New York market at from \$2.00 to \$2.50 a pair. As a protectionist, I am happy to observe that the House of Representatives and the Senate are now agreed upon a duty of five cents a dozen on eggs, three cents a pound on live poultry, and five cents a pound on dressed poultry. Besides, my acquaintance in Washington leads me to believe that the American statesman of the present day is not very likely to interpose an obstacle to annexation in the form of a "free Canadian broiler."

FISCAL AND OTHER OBSTACLES TO COMMERCIAL UNION.

The fiscal conditions of the Dominion Government and of the Government of the United States present an insuperable obstacle to commercial union or free trade between the two countries. The national debt of the United States fell from \$2,678,000,000 in 1867 to \$1,619,062,932 in 1889, the debt per capita falling from \$69.26 in 1867 to \$15.12 in 1889, whereas the debt of the Dominion of Canada rose from \$75,728,641 in 1867 to \$237,530,041 in 1889, the debt per capita increasing from \$21.63 in 1867 to \$46.79 in 1889. Be it remembered also that the present enormous debt of Canada was incurred mainly in converting its government into a political transportation enterprise, operated for the promotion of ends inimical to the United States, and for the promotion of commercial objects detrimental to the interests of American shipping, American commerce, and American transportation lines. The success of the present Canadian policy of encroachment upon American interests involves increased expenditures in the nature of subsidy which are freely granted by the people of Canada, while the people of the United States cherish a prejudice (not entirely reasonable) against subsidies.

The idea of assimilating the customs tariffs of two countries so differently situated in regard to their present and probable future fiscal needs seems sufficient to condemn the whole scheme of commercial union as an absurdity.

But, in the second place, the scheme involves a structural difficulty which would defeat the very object to be accomplished. It proposes to except from the provisions of "commercial union" or "free trade" between the two countries all articles subject to duties of excise or of internal revenue. At the present time 80 per cent. of the revenues of Canada from taxation are derived from customs, and about 50 per cent. of her customs is derived from duties on imports from the United States. It is, therefore, perfectly apparent that the sudden abandonment by Canada of so large a percentage of her customs revenue would at once involve a very large increase of her excise duties, to be protected by corresponding customs duties on articles imported from the United States. But even this does not cover the difficulty. The abandonment of the duties on manufactured goods imported from the United States would greatly decrease the importation of such goods into Canada from other countries, and correspondingly reduce her revenue from customs. This also would have to be made up by additional internal taxation, to be again protected by additional customs duty on American goods. Where, then, would "commercial union" be? I answer, snowed under by Canadian customs duties, adopted in order to offset Canadian excise duties. We would be obliged also to do something of the same sort on this side of the international boundary line, so long as we lay an internal revenue tax on spirits and tobacco. So, in the end, we should probably find the tail of "commercial union" to be bigger than its body.

That the "commercial union" scheme does involve this insuperable difficulty is clearly apparent from the resolution upon the subject introduced into the Dominion Parliament by Sir Richard Cartwright, Mr. Wiman's friend

and coadjutor in this business. The following is an extract from the official debate of March 14, 1888 :

“Sir Richard Cartwright moved : That it is highly desirable that the largest possible freedom of commercial intercourse should obtain between the Dominion of Canada and the United States, and that it is expedient that all articles manufactured in or the natural products of either of the said countries should be admitted free of duty into the ports of the other (articles subject to duties of excise or of internal revenue alone excepted).”

Presumably the exception to the commercial union scheme is put in parenthesis for the same reason that eggs are put into omelettes on shipboard—to hide their horrid imperfections.

But I see in this scheme an open door to far greater Canadian encroachment upon American interests than we have suffered during the last fifty years, and I believe “commercial union” would prove to be merely a blind ditch through which the current of advantage would run northwardly, with laterals leading into certain mines now owned and operated by American citizens in Canada.

But aside from all objections to “commercial union” of a commercial, economic, and political character, and assuming that it is practicable for this great Nation of 65,000,000, whose National Government is ingenuously political, to enter into a fiscal partnership with another country of only about 5,000,000, in all its Governmental processes shrewdly commercial and deftly strategic, there are difficulties in the way of the practical administration of such a scheme which seem insuperable. It is absolutely certain that the United States Government would never allow such an institution as the present Dominion Government to have any participation in the collection of our customs revenues. We are too well acquainted with Canada and her methods for that. We should demand absolute control of the external customs service of the two countries. But that, as Sir John A. Macdonald has

very properly remarked, the Canadians would never submit to, and for valid reasons affecting the honor of their country. It is also clearly apparent that any joint partnership administration of the customs service of the two countries would not only be in the nature of an "entangling alliance," but that it would lead to inextricable confusion.

Viewed from the standpoint of Canadian politics, the scheme of commercial union is to-day absolutely chimerical. Sir John A. Macdonald and the great political party of which he is the leader are bitterly opposed to the scheme, for it goes in the face of the fiscal, political, and commercial features of the policy upon which that party has so long held political ascendancy and is still firmly intrenched in power. As a practical issue in Canadian politics, Sir John has crushed "commercial union" with an epigram. Said he: "England will have nothing to do with it, the United States will have nothing to do with it, and Canada will have nothing to do with it."

And Sir Charles Tupper appears to have laid the still-born infant upon the shelf by declaring about a year ago, in the Dominion Parliament, that the Wiman-Cartwright scheme of commercial union had gained no foothold in Canadian politics.

From all that has been said in advocacy of "commercial union" it appears as though Mr. Wiman and his few coadjutors in the United States and in Canada have viewed the subjects from a rather narrow standpoint of trade interests, and that they have also erred in ignoring the fact that governments and political forces and international rivalries constitute factors in international relationships.

In the whole range of our foreign affairs, I can conceive of no scheme which, under existing circumstances, would be so glaringly in contravention of the injunction of George Washington against "entangling alliances" as would be an agreement in the nature of commercial union with Canada upon the lines projected by Mr. Erastus Wiman and Sir Richard Cartwright and their few coadjutors in this country.

Instead of wasting time in the consideration of an alliance so wildly absurd, it would be far more sensible and patriotic for the people of the United States to bring this aggressive and insolent neighbor to a proper respect for the rights and interests of this country. In this way larger and much more beneficial trade relations could be cultivated with Canada than is possible through the fantastic scheme of "commercial union."

The absurd and timid objection is raised that measures for the correction of the abuses hereinbefore mentioned would be likely to disturb the important "transit trade" on the eastern side of the continent. This objection, Senator Cullom, in his recent report on this general subject, has shown to be absolutely without foundation. The preservation of the eastern transit trade is vastly more important to Canada than to the United States, and besides, this trade on the eastern side of the continent exists by virtue of natural geographical features of interjecting territory and other physical conditions, which have no correspondent whatever on the western side of the continent.

The course of the commercial development of this great Nation is now opposed by a neighboring government, and it remains to be seen whether the men of the present day and generation have, or have not, the intelligence and patriotism to adopt such measures as are clearly necessary for the protection of the honor, the dignity, and the interest of the United States against Canadian aggression.

JOSEPH NIMMO, JR.

WASHINGTON, D. C., *June 13, 1890.*

